CONSUMER AND CORPORATE
AFFAIRS

Office of the Minister

402 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-2305

The Honourable G. Amerongen
Office of the Speaker
Legislative Assembly of Alberta

Sir:

I have the Honour to submit the Annual Report of the Alberta Automobile Insurance Board for the year ending December 31, 1984.

Respectfully submitted,

Constantine E. Osterman

Constantine Osterman
Minister of Consumer
and Corporate Affairs

Alberta
AUTOMOBILE INSURANCE
BOARD

7th Floor, Capitol Square, 10065 - Jasper Avenue, Edmonton, Alberta, Canada T5J 3B1 403/427-5428

The Honourable Constantine Osterman
Minister of Consumer & Corporate Affairs
Legislative Building
Edmonton, Alberta

Honourable Madam:

Pursuant to R.S.A. 1980, Chapter 1-5, the Insurance Act, Section 344(2), we respectfully submit herewith, the thirteenth report of the Alberta Automobile Insurance Board, for the year ending December 31, 1984.

.....
A.H. Wachowich, Chairman

.....
P.G. Galway

.....
J.M. Tweddle

.....
A.G. Eccles

ALBERTA AUTOMOBILE INSURANCE BOARD

1984 ANNUAL REPORT

The Alberta Automobile Insurance Board, constituted under subsection 338(1) of The Alberta Insurance Act, is empowered under section 339 thereof to investigate any matters it thinks fit respecting automobile insurance in Alberta, and to approve rates charged by insurers for compulsory automobile coverage under The Motor Vehicle Administration Act.

RATES

Insurers conducting business in Alberta are required by The Alberta Insurance Act to report their experience to a Canadian statistical plan, the results of which are compiled annually in a publication called the Green Book. The 1983 statistics in the Green Book, released in June 1984, and half-year update released in November 1984, were analyzed by the Board's actuarial consultant. These analyses were used in weighed proportions with the insurer's own statistics and those of insurance underwriting groups to establish a base for any rate maintenance or rate change to be considered by the Board. The inflationary trend factors present in the years 1979 to 1981, started to abate in 1982. The 1983 experience reflected a further levelling off.

MARKET

Several factors seemed to influence insurers towards a more aggressive stance to retain or increase their share of the market. While some rates were increased selectively by many insurers, the major trend in 1984 was for rate refinement that produced overall rate reductions. The rates have been depressed to an artificially low level and some upward movement can be expected in 1985.

The Facility Association is the industry's mechanism for providing insurance coverage to those consumers encountering difficulty in obtaining the same in the regular market. The Board monitors the Association's program of compulsory and physical damage coverage. The industry has vested interest in avoiding over-population of this program by placing the risks in the regular market or removing the risks when the same become acceptable to the regular market.

MEETINGS

In 1984, the Board held thirteen meetings during which 138 applications were examined. This number compares with 170

applications in 1983, 198 in 1982, 174 in 1981, 90 in 1980, and 81 in 1979. Of the nine applications that were declined in 1984, two were appealed and two were reconsidered as new applications.

LIAISON

Representatives of the Automobile Insurance Board met with the executive members of the following industry associations during 1984 in order to maintain dialogue with the industry's various component groups:

Insurance Bureau of Canada
Insurance Brokers Association of Alberta
Facility Association
Canadian Federation of Insurance Agents and Brokers

and also attended the conference for:

Association of Superintendent of Insurance of the Provinces of Canada

These meetings occurred between February and October 1984.

INQUIRIES

Inquiries and complaints are monitored for unfair and inequitable rules and practices. Complaints are assessed for compliance with rates and rules, and are generally resolved by the provision of a detailed explanation. Appropriate action to rectify the disparity for the individual and/or the general public is taken by the Board. Of the 1,582 inquiries received by the Board office in 1984, 102 were redirected to other government departments.

BENEFITS

The Board maintains its recommendation for an increase in the compulsory Third Party Liability limit of $100,000 to at least $300,000. The percentage in increase to $300,000 is approximately 10% of the Third Party Liability premium.

STAFF

Edwin Collins, F.I.I.C., Secretary to the Board since May 19, 1982, retired in September, 1984. Susan Steeves, B.A., F.I.I.C., joined the Board's office as Administrator in September, 1984.

Betty McKay has been employed as clerk-typist since May 23, 1983.

MEMBERSHIP ON THE BOARD

Board member A.G. Eccles joined the Board in June, 1984, for a term ending June 1987.

GENERAL

With the expiration of the exemption from the provision of the Individual Rights Protection Act impending on April 17, 1985, the industry had not yet offered an alternative to the existing rating system. Therefore, examination of the issue of the use of age, sex and marital status as rating criteria was a Board priority. To complete the information gathering process, Public Hearings were held in October and November. Three days of hearings in Edmonton and Calgary elicited thirty-two responses, written and oral, from interested private citizens and organizations.

The data submitted to the Public Hearings and compiled in previous studies is being reviewed and analyzed. A report of the Board's findings will be submitted to the Minister during April 1985.